

CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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SUBJECT	Higher Cost of Production than Selling Price of Nonferrous Metals in East Germany 25X1A	DATE DISTR.	7 May 1953
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- In regard to the difference in the cost of production and the selling price of nonferrous metals in East Germany as noted in the following additional information is available:
- The cost of production for nonferrous metals is actually very much higher in some cases than the selling price. For example, the production cost of lead from ore per ton is 2,055 DME and its selling price (Verkaufspreis) is 600 DME. The difference between the cost and the sales price is paid from public funds in the form of subsidies.
- The production cost of copper from ore per ton is 11,167 DME and the selling price is 4,500 DME. The reason that the production cost of a ton of copper is actually so high is because the metal content of each ton of ore amounts to only 9-10%. The wages of the miners, which have increased steadily since 1948, as well as the scanty metal content of the ore, force an increase in the price of each ton of copper. Because of the shortage of copper, the East Germans are forced to produce it even at the high cost price. Since 1948, the production cost per ton has risen from approximately 7,000 DME to approximately 11,000 DME. The production of copper from scrap, purely a remelting process, is negligible because the amount of production of scrap is negligible. These costs amount to approximately 850 DME per ton.
- The adverse discrepancy between production costs and selling price applies to other nonferrous metals.

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